

<p>AUDIT COMMITTEE</p> <p>DATE: 11 March 2015</p>	<p>REPORT</p>
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Subject Heading:	2013/2014 AUDIT REPORT OF GRANT CLAIMS AND RETURNS
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Policy context:	The Audit Committee are required to review the outcome of the Authority's grant claims process for audited grant claims relating to the financial year 2013/2014.
Financial summary:	Core audit fees: £22,565 Additional audit fees: £18,500

The subject matter of this report deals with the following Council Objectives

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|--|---|
| Clean, safe and green borough | □ |
| Excellence in education and learning | □ |
| Opportunities for all through economic, social and cultural activity | X |
| Value and enhance the life of every individual | X |
| High customer satisfaction and a stable council tax | X |

SUMMARY

The 2013/2014 audit process was completed by the Audit Commission's representative, PricewaterhouseCoopers.

This report updates the Committee of the position regarding the final version of the 2013/2014 audit report of grant claims and returns and subsequent Action Plan for the 2014/2015 process.

The 2014/2015 Action Plan can be found at Appendix 1. The 2013/2014 Action Plan and progress made can be found at Appendix 2 and the certification report from PricewaterhouseCoopers can be found at Appendix 3.

RECOMMENDATIONS

The Committee is recommended to:

1. review the outcomes of the 2013/2014 grant claims process
2. raise any issues of concern with officers on specific grant claims
3. note the year-on-year grant claims performance
4. otherwise note the report.

REPORT DETAIL

Overall summary of the 2013/2014 audited grant claims compared to 2012/2013.

1. Performance

Grant Funding Body conditions and guidelines determine whether a grant requires external audit. The Audit Commission publishes an index of grants over £125k that require audit annually. Most Specific Grants are subject to Chief Finance Officer Certification only.

There were 2 grants noted on the Audit Commission Index that required audit certification, in 2013/2014, compared to 4 in 2012/2013.

- 1.2 Both grants audited for 2013/2014 have now been certified.

- 1.3 To date there are no amendments to claims for 2013/2014, compared to 1 amended in 2012/2013.
- 1.4 1 claim was qualified for 2013/2014, compared to 2 qualified in 2012/2013

The qualified grant claim is:

BEN01 – Housing and Council Tax Benefits Scheme. This grant was also subject to a qualification in 2012/13.

The agreed recommendations regarding the above can be found in the 2014/2015 Action Plan (see Appendix 1).

- 1.5 Of the 2 claims audited both claims for 2013/2014 achieved their Audit Commission/Grant Funding Body certification deadlines as did all 4 claims for 2012/13.

	2013/2014		2012/2013	
	No.	%	No.	%
Submitted by due date	2	100	4	100
Total claims	2	100	4	100

Amended claims	0	0%	1	25
Claims not amended	2	100	3	75
Total claims	2	100	4	100

Qualified claims	1	50%	2	50
Unqualified claims	1	50%	2	50
Total claims	2	100	4	100

Certified by deadline	2	100	3	75
Uncertified by deadline	0	0	1	25
Total claims	2	100	4	100

2. Recommendations

- 2.1 PricewaterhouseCoopers identified 3 recommendations to address in the 2012/2013 Action Plan. All 3 recommendations were implemented during 2013/2014. (see Appendix 2)

2.2 The 2013/2014 Recommendations/Action Plan is attached as Appendix 1 and contains 1 recommendation for implementation during 2014/2015.

3. Audit Fees

3.1 The following table records audit fees paid each year:

Paid in 2011/2012 re 2010/2011 audits	Paid in 2012/2013 re 2011/2012 audits	Paid in 2013/14 re 2012/13 audits	Paid in 2014/15 re 2013/14 audits
£77,000	£67,105	£43,025	£22,565
No of Claims Audited 10	No of Claims Audited 6	No of Claims Audited 4	No of Claims Audited 2

The audit fee for the 2 grants subject to audit for 2013/14 is £22,565. The audit fee for 4 grants audited for 2012/13 was £43,025. This shows a decrease of 47% in costs.

The 12/13 costs that relate to the 2 grants audited in both years are £26,905, thus being a decrease in costs of like for like audits of 16%.

3.2 PricewaterhouseCoopers have been the Council's appointed auditor for grant claims since 2008/2009. The number of grants requiring audit via the Audit Commission Index for 2013/2014 lowered from 4 to 2.

The total audit fees decreased by 47% however the total budget set for external audit fees, in line with the Audit Commission Index for 2013/14 is £21,570.

The good standard of working papers provided and continues to contribute to the grants audit process.

3.3 The annual Audit Commission index for 2014/2015 has not yet been received although it is anticipated that 1 grant shall require Audit Commission certification for the period.

3.4. In Year Achievements

- During 2013/2014 both service and finance staff are being supported by one to one grants training upon request.

3.5. Future Planned Developments

- A grants workshop took place in June 2014 and one is due to take place in June 2015 which will be delivered prior to the start of the 2014/2015 grants and audit process.

IMPLICATIONS AND RISKS

Financial Implications and risks:

For 2012/2013 specific grant claims that require External Audit provided £98m in funding for the Council and poor performance in submitting claims puts income at risk and can affect the Council's reputation with funding bodies. Additional audit fees may also be incurred where working papers or procedures fail to meet the required standards.

Qualified claims may lead to the Council having to repay grant income and delays leading to late certification of claims can result in the suspension of grant income.

These outcomes are mitigated by having in place, a robust system of training, support and review. This ensures that all grant claims are robustly examined before submission and that any queries are taken back through a consistent route.

In addition there were 2 grants that were not on the Audit Commission Index for 2013/14 whereby the Grant Funding Bodies published a requirement for grantees to engage an external auditor for 2013/14.

This being the case the audit fees for these 2 grants were negotiated over and above the audit commission agreed audit fee. An additional £18,500 is to be found in order to fund external audit certification requirements.

The PEN05 – The 2012/13 Teachers Pensions audit was commissioned via the Audit Commission however for 2013/14 this requirement ceased. Teachers Pensions then, in year decided that they would still require assurance and Local Authorities were required to engage an external auditor to provide that assurance.

Decent Homes Grant 2013/14 – The GLA conditions and guidelines stated that certification relating to the Schedule 8 Statement of Grant Usage required external audit scrutiny by way of sampling.

PwC quoted an audit fee of £8,750 plus VAT for each additional audit however should these grants be subject to additional testing then an extra fee would be charged. The final audit fee for the Teachers Pension audit was £9,750 plus VAT.

It is not currently possible to estimate how many grant funding bodies will require external audit certification from 2014/15 onwards and as such the Council may be exposed to the risk of increased audit fees.

Legal implications and risks

There are no Legal implications or risks arising directly from this report.

Human Resources implications and risks

There are no HR implications or risks arising directly from this report.

Equalities and Social Inclusion implications

There are no Equalities and Social Inclusion implications arising directly from this report.

BACKGROUND PAPERS